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SUBJECT: HUNAN'S RETURN MIGRATION?

REF: (A) BEIJING 1671
(B) GUANGZHOU 228

SUMMARY

1. (SBU) Contacts in Hunan Province claim that rural-to-urban migrants who previously had worked in factories on the coast in the Pearl River Delta (PRD) appear to be returning home in greater numbers than before to Hunan's countryside. The trend is not necessarily a new one -- many temporary migrants without PRD hukou resident registrations previously returned to Hunan after a few years of work on the coast to start a business or get married. Our conversations with Hunan contacts, however, implied that rural residents may have less incentive to migrate in the first place and/or may be returning home earlier than they might have otherwise. The contacts cited both pull factors (improving prospects for farmers because of rising food prices) and push factors (poor treatment by PRD factory owners) as reasons for the returns, but they acknowledged that they have no statistical data to confirm their claims which are based on anecdotal information only. END SUMMARY.

HUNAN PROVINCE: A MAJOR SOURCE OF MIGRANTS

2. (SBU) Located in Central China south of the Yangtze River, Hunan Province takes advantage of its proximity to the Pearl River Delta in the south to be a major source of rural-to-urban migrants who seek work in Guangdong Province's factories. Estimates vary, but as many as 13 million of Hunan's young people (roughly 20 percent of the province's population) currently work outside of the province -- most of them in the PRD. Rural experts in the province say that 40 to 50 percent of average rural income in Hunan is derived from migrants' remittances.

3. (SBU) Farmers remaining in Hunan's countryside often rent land from departing migrants. For example, one flower and vegetable farmer outside Hunan's provincial capital, Changsha, told Econoff on April 22 that he rents 95 percent of the land he farms (approximately 80 mu (53.6 hectares)) from farmers who have left the countryside to work in factories.

ARE MIGRANTS RETURNING HOME?

4. (SBU) Contacts uniformly told Econoff during an April 21-23 visit to Changsha, however, that rural-to-urban migrants from Hunan are returning in larger numbers from the PRD as they compare prospects at home in the countryside versus working in a factory. Some cited pull factors in migrants' decision to return:

--Li Chong of the Provincial Foreign Affairs Office said farmers are returning because of rising food prices and the elimination of the

agricultural tax;

--A pork farmer outside Changsha said his business is growing so rapidly (Ref A) that he is discouraging his son from pursuing a medical career and has asked him instead to return to the farm;

--Shi Wenxue, an entrepreneur outside Changsha, said there are many business opportunities in the countryside for those with capital. Shi said he previously sold medical equipment ut returned to the village to build a conference center and weekend retreat outside Chansha.

15. (SBU) The migrants who return tend to be, like Shi, those with capital to invest, as economic opportunities spread inland from the more developed coastal regions (Ref B), stated contacts at the Hunan Provincial Agriculture Bureau. In addition, many migrants with special skills and those who are ready to get married are choosing to leave the PRD, they said. A researcher at the Hunan Academy of Social Sciences said that there also are push factors causing Hunan residents to leave the PRD, including a smaller difference in wages between inland and coastal regions and perceived poor treatment. (Note: The plight of Hunan's migrant workers also was highlighted during this winter's snowstorms when thousands of migrants were stranded during Chinese New Year. End Note.) Our contacts said they do not have statistical data on which to base their claims, however, and out-migration will continue as farmers from poor areas of the province seek economic opportunities in the PRD.

COMMENT: NOT A NEW TREND BUT MAYBE A FASTER PACE

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16. (SBU) The return migration trend is not necessarily a new one -- temporary migrants without PRD hukou registrations previously have returned to Hunan after a few years of work on the coast to start a business or get married. It appears from our conversations with Hunan-based contacts, however, that rural residents currently are returning home earlier than they might have otherwise. They also feel there may be less incentive to leave Hunan in the first place. End Comment.

17. (SBU) CG Guangzhou cleared this cable.